

Last week's witness in this committee was Treasury Secretary Timothy Geithner talking about the President's budget. He vigorously defended the budget, which I would expect from any member of the President's cabinet. But I was disappointed that he did not acknowledge any of the highly questionable projections and assumptions that were made in order to make the deficit appear to not increase so drastically.

The budget predicts economic growth of 3.2% next year, increasing to an astounding 4.6% by 2012 with inflation levels staying at or below 2.0% during that time. If growth turns out to be that strong, we will indeed have inflation because of the monetary policies that have been pursued during this crisis. If inflation is that low then there won't be growth. But budget numbers look better if there's tax revenue from growth and low interest rates on the expanding national debt.

Geithner also made it clear that virtually all of the first \$700 billion of TARP funds has been committed. The President's budget calls for another \$750 billion of TARP money but it does not say when it will be requested, or for what it may be used.

Here is my exchange with Geithner on these issues.